



Representing Pre-Hospital Care Providers

Position Statement Regarding HB 4936

September 22, 2011

Position

The Michigan Association of Ambulance Services has two main concerns with HB 4936, amendments to the Insurance Code of 1956 regarding no-fault auto insurance.

1. **Ambulance Services should be excluded from placement on a fee schedule**
Section 3157 (2) adds new wording limiting health care providers' reimbursement to the Michigan Worker's Compensation Fee Schedules. Ambulance services are not currently on a fee schedule and have explained to the Workers' Compensation Health Care Services Advisory Committee over the years why it is important that ambulance services remain By Report and not on a fee schedule. By Report still means that the charges must be reasonable and customary. Current law prohibits health care providers, including ambulance services, from charging auto insurers any more than they charge any other payer. Ambulance services should be excluded from this provision in the law as Worker's Comp rules can be simply changed by administrative process.

Rationale

Section 20921 (1) of the Michigan Public Health Code states that "An ambulance operation shall do all of the following:

Section 20921 (1) (e) states "Subject to section 20920(7) to (12), provide life support consistent with its license and approved local medical control authority protocols to each emergency patient without prior inquiry into ability to pay or source of payment."

Unlike other providers, ambulance services must provide all of their services irrespective of whether they will get paid and do not have the ability to select which patients they treat in order to improve their payer mix.
See further discussion under Background below.

2. **Do not reduce the claims filing period**
While not currently part of this bill, there has been discussion of requiring all claims to be filed within a period less than one year. This is problematic for ambulance services because often patients are reluctant about providing any information on auto insurance that might cover the services provided. It can often take significant time to find out that auto insurance coverage is available, or for clarity over which insurance policy is primary and should be billed first.

Background

Emergency Medical Services (EMS) operates as a system and all necessary funding sources are required to keep the system viable: Medicare, Medicaid, commercial insurance carriers and local tax subsidies. Medicare is on a fee schedule, which a study by the Government Accountability Office published in 2003 states that ambulance services are reimbursed at levels 16% below cost and even higher in rural areas. This report was based on data prior to 2003 so the gap has widened since there has been no real adjustment to the fee schedule. Medicaid pays less than one-half Medicare rates. Medicaid ambulance reimbursement rates have been reduced more than other providers because of a reduction in mileage reimbursement along with across the board cuts made to all providers. Tax subsidies are also becoming problematic as more and more local governments face financial difficulties. Placing ambulance on a fee schedule would shift even more of this burden onto local taxpayers in many communities. Placing a fee schedule on yet one more source of revenue can be seriously detrimental to the system, and will not fix the cost of health care.

As noted above, ambulance services are required by law to provide all of their services without inquiry into ability to pay. Unlike other providers, ambulance services do not have the ability to alter their payer mix to impact their bottom line. They have no ability to control volume and their cost is the fixed cost of readiness, not in the actual cost of responding to a call.

Michigan ambulance service operators are critical components of every community's health care system, providing both emergency care, as well as the non-emergency medical transfers of patients between hospitals, medical facilities or residences. Ambulance services are provided through one or more of the following groups: public sector services operated by local government; private sector operations (both non-profit and for-profit); hospital operated systems; and traditional volunteer groups providing service to small, rural communities. Each year, Michigan ambulance service providers respond to more than 600,000 emergency 9-1-1 calls.

The prompt and skilled EMS service provided in those first moments of emergency care can make the difference between a patient's full-recovery or an extensive and costly patient rehabilitation. Early, appropriate care can save health care dollars in later stages of care. More importantly skilled and prompt emergency service also can make the difference between life and death of the patient. Reducing payments to EMS providers would be short-sighted and counter-productive for insurers and communities.